

Virginia Department of Mines, Minerals and Energy

Virginia Gas and Oil Board

Minutes and results of hearing, March 15, 2005

Board members present: Ms. Barber, Mr. Brent, Mr. Harris, Mr. Ratliff, Mr. Wampler

The Virginia Gas and Oil Board considered a petition from prevailing plaintiffs for disbursement of funds escrowed on their behalf, Unit U-19, Hurricane District, Buchanan County. Docket Number 94-1024-0475-01. Continued from February.

This unit contains tracts that are subject to a recent Virginia Supreme Court decision determining ownership of coalbed methane gas. The item was carried forward because the unit operator (Ratliff Gas Company) has not provided the required unit accounting. The accounting and disbursement were approved.

The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of a coalbed methane unit AY-122, New Garden District, Russell County. Docket Number 05-0315-1412.

In the AY-122 58.74-acre unit, the applicant controls 100% of the coal interests and 97.2% of the gas interests, and seeks to pool the remaining 2.8% of the gas interests. Unleased gas acreage subject to pooling totals 1.65 net acres in three tracts with one unleased owner. There are conflicting claimants and undetermined ownership subject to escrow, and conflicting claimants subject to existing royalty split agreements. A permit to drill was issued on 1/11/05. Pooling was approved.

The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of a coalbed methane unit AY-140, Maiden Springs District, Tazewell County. Docket Number 05-0315-1413.

In the AY-140 58.74-acre unit, the operator controls 99.9% of the coal and gas interests, and seeks to pool the remaining 0.1% of the interests. Unleased acreage subject to pooling totals 0.05 net acres in one tract with one unleased and unknown owner. The unlocated owners are subject to escrow. A permit to drill was issued on 1/11/05. Carried forward to April hearing.

The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of a coalbed methane unit AZ-122, New Garden District, Russell County. Docket Number 05-0315-1414.

In the AZ-122 58.74-acre unit, the applicant controls 100% of the coal interests and 88.7% of the gas interests, and seeks to pool the remaining 11.3% of the gas interests. Unleased gas acreage subject to pooling totals 6.61 net acres in five tracts with five unleased owners. There are conflicting claimants and unknown owners subject to escrow, and conflicting claimants subject to existing royalty split agreements. A permit to drill was issued on 12/1/04. Pooling was approved.

The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of a coalbed methane unit AZ-123, New Garden District, Russell County. Docket Number 05-0315-1415.

In the AZ-123 58.74-acre unit, the applicant controls 100% of the coal interests and 99.4% of the gas interests, and seeks to pool the remaining 0.6% of the gas interests. Unleased gas acreage subject to pooling totals 0.34 net acres in two tracts with 15 unleased owners. There are conflicting claimants and unknown owners subject to escrow, and conflicting claimants subject to existing royalty split agreements. A permit to drill was issued on 12/1/04. Pooling was approved.

The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for modification of Oakwood I Field Rules to allow for drilling of additional frac wells in each of 186 designated units that are within a boundary described by Units F39 to F54 on the north to Units DD39 to DD54 on the south, Buchanan and Tazewell Counties, Virginia. Docket number VGOB-93-0216-0325-03.

The Oakwood Field Order currently allows one fraced coalbed methane well in each unit, and that well is to be

drilled within the drilling window which is 300 feet inside the boundary of the unit. The applicant seeks to modify the order to allow for drilling of more than one frac well in each unit, with the second well allowed to be drilled outside the window and not subject to the current 600 feet minimum spacing from other wells. The applicant also seeks exception to § 45.1-361.20.F which states: *Unless otherwise provided for by the Board, after an application for a hearing to establish or modify drilling units or pool boundaries has been filed, no additional wells shall be permitted in the pool until the Board's order establishing or modifying the pool or units has been entered.* In March of 2003 and January of this year, the Board approved a similar request for drilling of multiple wells in each unit for units immediately southeast of those subject to this proposal. The field rule modification was approved.

The Virginia Gas and Oil Board considered a petition from Equitable Production Company for pooling of coalbed methane unit VC-536743, Gladeville District, Wise County, Virginia. Docket Number VGOB-05-0315-1416.

In the VC-536743 80-acre unit, the operator controls 89.9% of the coal and gas interests, and seeks to pool the remaining 10.1% of the interests. Unleased acreage subject to pooling totals 8.1 net acres in one tract with nine unleased owners. There are no conflicting claimants or unknown owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

The Virginia Gas and Oil Board considered a petition from Equitable Production Company for a well location exception for proposed well V-536753, Gladeville District, Wise County, Virginia. Docket Number VGOB-05-0315-1417.

The applicant seeks an exception in order to drill a conventional well closer to two existing wells than allowed under statewide spacing. The proposed well is to be 373 feet closer to existing Equitable gas well VC-133621 and 522 feet closer to existing Equitable well V-2760 than the 2500 feet mandated by spacing. The exception is needed to accommodate coal owner needs and to prevent loss of resources. No permit application has been submitted. The location exception was approved.

The Virginia Gas and Oil Board considered a petition from Columbia Natural Resources, LLC for a well location exception for proposed well 25414, Knox District, Buchanan County, Virginia. Docket Number VGOB-05-0315-1418.

The applicant seeks an exception in order to drill a conventional well closer to an existing well than allowed under statewide spacing. The proposed well is to be 273 feet closer to existing CNR gas well 24918 than the 2500 feet mandated by spacing. The exception is needed to prevent loss of resources and to accommodate the mineral owner who has requested tighter spacing of wells. No permit application has been submitted. The location exception was approved.

The Virginia Gas and Oil Board considered a petition from Columbia Natural Resources, LLC for creation and pooling of conventional gas unit 25155, Knox District, Buchanan County, Virginia. Docket Number VGOB-05-0315-1419.

In the 25155 112.69-acre conventional gas unit, the applicant controls 92.6% of the oil and gas interests, and seeks to pool the remaining 7.4% of the interests. Unleased acreage subject to pooling totals 8.3 net acres in one tract having one unleased owner. There are no unlocated owners subject to escrow. No application for permit to drill the unit has been submitted. The application was withdrawn by the applicant.

The Virginia Gas and Oil Board considered a petition from Columbia Natural Resources, LLC for creation and pooling of conventional gas unit 25404, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-05-0315-1420.

In the 25404 112.69-acre conventional gas unit, the applicant controls 82.1% of the oil and gas interests, and seeks to pool the remaining 72.9% of the interests. Unleased acreage subject to pooling totals 20.2 net acres in two tracts having 16 unleased owners. There are no unlocated owners subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved.

The Virginia Gas and Oil Board considered a petition from Hard Rock Exploration, Inc. for re-pooling of a conventional gas unit HRVAE #2, Garden District, Buchanan County, Virginia. Docket Number VGOB-04-1214-1374-01.

In the HRVAE #2 179.51-acre conventional gas unit, the applicant controls 65.5% of the oil and gas interests, and seeks to pool the remaining 34.5% of the interests. Unleased acreage subject to pooling totals 61.9 net acres in six tracts having 29 unleased owners. There are no unlocated owners subject to escrow. This unit was originally pooled in December, 2004. A permit to drill the unit was issued on 2/14/05. Pooling was approved.

The Virginia Gas and Oil Board considered a petition from EOG Resources, Inc. for pooling of a conventional gas unit PK M-23, Garden District, Buchanan County, Virginia. Docket Number VGOB-05-0315-1421.

In the PK M-23 180-acre conventional gas unit, the applicant controls 72.5% of the oil and gas interests, and seeks to pool the remaining 27.5% of the interests. Unleased acreage subject to pooling totals 49.5 net acres in three tracts having three owners who are not leased to the applicant. There are no unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. Carried forward to April hearing.

The Virginia Gas and Oil Board considered a petition from EOG Resources, Inc. for pooling of a conventional gas unit PK L-23, Garden District, Buchanan County, Virginia. Docket Number VGOB-05-0315-1422.

In the PK L-23 180-acre conventional gas unit, the applicant controls 89.6% of the oil and gas interests, and seeks to pool the remaining 10.4% of the interests. Unleased acreage subject to pooling totals 18.8 net acres in two tracts having three owners who are not leased to the applicant. There are no unlocated owners subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved.

The Virginia Gas and Oil Board considered a petition from EOG Resources, Inc. for pooling of a conventional gas unit PK L-25, Garden District, Buchanan County, Virginia. Docket Number VGOB-05-0315-1423.

In the PK L-25 180-acre conventional gas unit, the applicant controls 90.1% of the oil and gas interests, and seeks to pool the remaining 9.9% of the interests. Unleased acreage subject to pooling totals 17.9 net acres in one tract having two owners who are not leased to the applicant. There are no unlocated owners subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved.

The Virginia Gas and Oil Board considered a petition from EOG Resources, Inc. for pooling of a conventional gas unit PK K-25, Garden District, Buchanan County, Virginia. Docket Number VGOB-05-0315-1424.

In the PK K-25 180-acre conventional gas unit, the applicant controls 72.0% of the oil and gas interests, and seeks to pool the remaining 28.0% of the interests. Unleased acreage subject to pooling totals 50.4 net acres in one tract having two owners who are not leased to the applicant. There are no unlocated owners subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved.

The Virginia Gas and Oil Board considered a petition from EOG Resources, Inc. for pooling of a conventional gas unit PK K-17, Garden District, Buchanan County, Virginia. Docket Number VGOB-05-0315-1425.

In the PK K-17 180-acre conventional gas unit, the applicant controls 37.6% of the oil and gas interests, and seeks to pool the remaining 62.4% of the interests. Unleased acreage subject to pooling totals 112.3 net acres in three tracts having four owners who are not leased to the applicant. There are no unlocated owners subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved.

The Virginia Gas and Oil Board considered a petition from EOG Resources, Inc. for pooling of a conventional gas unit PK K-18, Garden District, Buchanan County, Virginia. Docket Number VGOB-05-0315-1426.

In the PK K-18 180-acre conventional gas unit, the applicant controls 31.6% of the oil and gas interests, and seeks to pool the remaining 68.4% of the interests. Unleased acreage subject to pooling totals 123.1 net acres in four tracts having seven owners who are not leased to the applicant. There are no unlocated owners subject to escrow. No application for permit to drill the unit has been submitted. Carried forward to April.

The deadline for filing of petitions to the Board for the April hearing is 5 p.m., Friday, March 18, 2005, with the hearing scheduled for 9 a.m. on Tuesday, April 19, 2005 at the Southwest Virginia Higher Education Center, Abingdon, Virginia.

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